

Madam Chair, I rise in support of H.R. 5072, the FHA Reform Act of 2010. This legislation will, among many provisions, allow FHA to adjust its premium structure for new borrowers, while continuing to provide services to the communities it was intended to serve. Unfortunately, the economic crisis--the national housing prices decline, unemployment, and loan losses--led to the FHA's capital reserves falling below the two percent level required by law. I believe, the changes my colleagues and I will make to this program will help ensure its success in the long term, while reducing federal spending and saving taxpayers \$2.5 billion dollars over the next five years.

The FHA Reform Act of 2010 will ensure FHA continues its role as a key stabilizing force in the market and support sustainable homeownership for first-time buyers and underserved markets. That said, I believe the FHA will help keep the recovery of our country on track by playing a central role in the housing finance system for some time before it scales back to its role as private capital returns.

H.R. 5072 will also grant FHA the authority to terminate lenders' approval to originate or underwrite loans backed by FHA insurance when FHA finds evidence of fraud or noncompliance. Unfortunately, in the second half of 2009, 2,357 default notices were issued to my constituents in the cities of Anaheim, Fullerton, Garden Grove, and Santa Ana. For this reason, it's imperative that FHA is reformed, so my constituents seeking to become homeowners are afforded the opportunity to do so from a safe and trustworthy source.

This bill is important to my constituents and many other Americans struggling to keep their homes.

I urge my colleagues to support this bill.